

Our Comprehensive Investment Philosophy

Objective: Our objective is to provide clients with robust, long-term investment portfolios that align closely with their goals, risk tolerance, and investment objectives. Leveraging the research capabilities of Capital Group (American Funds), LPL Financial, and Morningstar's Thrilling List, we construct diversified portfolios featuring primarily active investment strategies, complemented by select passive strategies. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

General Principles:

1. Goal-Focused and Plan-Driven:

- Our portfolios are tailored to reflect and support each client's specific lifetime financial goals, striving for a deeply personalized approach.
- We prioritize a long-term investment horizon, recognizing that pursuing financial objectives is a gradual process rather than a quick fix.

2. Market Views and Timing:

- We avoid making market forecasts or timing decisions based on current economic conditions. Instead, we advocate for maintaining a fully invested stance to capture the full potential of equity market returns over time.

3. Equity Investment Philosophy:

- We remain fully invested in equity markets to harness their growth potential, even during market declines.
- Reinvesting dividends during downturns enhances long-term growth through compounding. *Dividend payments are not guaranteed and may be reduced or eliminated at any time by the company.*

Implementation Using Capital Group, LPL Research, and Morningstar:

Research and Fund Selection:

- **Capital Group (American Funds):** Utilize their extensive research to select high-quality, actively managed funds aligned with client goals.
- **LPL Financial Research:** Incorporate LPL's insights to ensure well-informed investment decisions.
- **Morningstar Thrilling List:** Use this list to identify top-performing funds with strong track records and lower risk ratings, seeking suitability for client portfolios.
- **Tax Efficiency for Non-Qualified Accounts:** For taxable accounts, we acknowledge that taxes play a larger role in client outcomes. Therefore, where applicable, we utilize similar ETFs to enhance tax efficiency.
- **Supplementing Morningstar's List:** If the Morningstar Thrilling List is not comprehensive enough to build a well-rounded portfolio, we will supplement it with passive ETF strategies to work towards diversification and balance.

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Portfolio Construction:

- **Active Investment Focus:** Utilize active strategies for experienced management and potential higher returns, complemented by passive strategies for diversification and cost efficiency.
- **Fixed Income Allocation:** Integrate fixed income assets to provide stability and income, balancing overall portfolio risk. *Asset allocation does not ensure a profit or protect against a loss.*
- **Downside Preservation Strategies:** Maintain flexibility to implement strategies aimed at preserving up to 15-20% of the portfolio in adverse market conditions, if we feel warranted.

Long-Term Commitment:

- **Stay Invested:** Encourage clients to remain fully invested to capitalize on long-term equity market growth.
- **Strategic Allocation:** Once we set these portfolios in place, we do not plan on making frequent changes.
- **Reinvestment of Dividends:** Advocate for reinvesting dividends to enhance compounding during market downturns.

Additional Principles from Capital Group:

- We incorporate principles from Capital Group's 90 years of investment experience, striving for portfolios that are designed to pursue client objectives efficiently and effectively.
- We consult with Capital Group every quarter for strategic allocation reviews and portfolio construction. If market or economic conditions change significantly, we may meet more frequently to assess and potentially adjust our strategies.

Defined Manager Selection Process:

- Utilize Morningstar's rigorous screening criteria, including:
 - Expense ratios in the lowest quintile of Morningstar categories.
 - Significant manager investment in funds.
 - Morningstar Risk ratings below High.
 - Morningstar Medalist Rating of Bronze or higher.
 - Parent Pillar rating above Average.
 - Consistent outperformance relative to category benchmarks.
 - Accessibility of share classes to individual investors.

LPL Financial does not offer tax advice.

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